United Nations A/C.5/53/4

General Assembly

Distr.: General
30 October 1998

Original: English

Fifty-third session
Fifth Committee
Agenda items 113 and 120

Programme budget for the biennium 1998–1999

United Nations common system

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission (A/53/30)

Statement submitted by the Secretary-General in accordance with rule 153 of the rules of procedure of the General Assembly

I. Introduction

1. The twenty-fourth annual report of the International Civil Service Commission (ICSC)[1] contains a number of decisions and recommendations with financial implications for the regular budget for the biennium 1998–1999, related to the following issues (the reference paragraphs in the ICSC report are indicated in parentheses):

(a) Conditions of service of staff in the Professional and higher categories:

(i) Base/floor salary scale and staff assessment scale (paras. 91 and 92);

(ii) Dependency allowances (paras. 121 and 122);

(b) Conditions of services applicable to all categories of staff:

(i) Education grant (paras. 186 and 187);

(ii) Hazard pay (paras. 230–233);

(iii) Recognition of language knowledge (paras. 204–206).

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II. Conditions of service of staff in the Professional and higher categories

A. Base/floor salary scale

2. The General Assembly, in section I.H of its resolution 44/198 of 21 December 1989, established a floor net salary level for staff in the Professional and higher categories by reference to the corresponding base net salary levels of officials in comparable positions serving at the base city of the comparator civil service (the federal civil service of the United States of America). The base/floor scale was part of an integrated package of measures in which negative classes of post adjustment were eliminated. The base/floor scale is used in the calculation of payments under the mobility and hardship scheme as well as separation payments.[2] Adjustments to this scale have been made, since 1990, on 1 March of every year from 1991 to 1995 and in 1998, and on 1 January 1997.

3. The analysis for calendar year 1998 showed that the comparator's net base salary was 2.48 per cent higher than that of United Nations net base salary at the dependency rate at the P-4, step VI, level (the approved point for comparison). In order to bring the two scales in line, the Commission decided to recommend to the General Assembly that the common system scale be adjusted upward by 2.48 per cent, with effect from 1 March 1999.[3] An increase of 2.48 per cent for 1999 would reflect an increase in the base/floor scale through the standard method of consolidating post adjustment multiplier points on a no-loss/no-gain basis.

4. If the base/floor salary scale were adjusted on 1 March 1999 by 2.48 per cent through the usual method of consolidation on a no-loss/no-gain basis, the impact for the United Nations common system would be as follows:

(a) For duty stations falling below the level of the new base/floor: $22,663;

(b) In respect of the mobility/hardship allowance: $1,605,000;

(c) In respect of the scale of separation payments: $360,279;

(d) Total financial implication for the common system per year: $1,987,942; estimated financial implication for the United Nations regular budget: $377,938 per year.

5. For 10 months of 1999, the financial implication for the United Nations common system as a whole was estimated by ICSC at $1,656,618. The financial implication for the United Nations regular budget for the same period was estimated at $314,950.

B. Staff assessment scale to be used in conjunction with base/floor salaries

6. In the context of the revised base/floor scale, the Commission noted that the issue of the adjustment of the staff assessment rates to address imbalances in the Tax Equalization Fund had been discussed with the United Nations Secretariat and that no adjustment had been requested at this time. Accordingly, only very minor adjustments to the rates of staff assessment for those without primary dependants would be required.

C. Dependency allowances

7. The General Assembly, in its resolution 47/216 of 23 December 1992, noting the Commission's conclusion in its annual report for 1992 that the existing methodology for determining the level of dependency allowances for the Professional and higher categories should be maintained and computed on the basis of tax abatements and social security payments in the countries of the seven headquarters duty stations,[4] noted that the level of dependency allowances would be reviewed every two years to ensure that all relevant changes in tax and social legislation for those duty stations had been taken into consideration.

8. Based on the approved methodology, the percentage increase in payments resulting from tax abatements and social legislation applicable at the seven headquarters duty stations was calculated at the P-4, step VI, level showing an increase of 14.6 per cent. Application of this percentage increase to the existing children's allowance would result in annual amounts of $1,730 for the children's allowance and $3,460 for the disabled children's allowance.

9. With regard to the secondary dependant's allowance, the Commission recommended applying the same procedure applicable to the existing children's allowance. Application of the same percentage to the existing secondary dependant's allowance would result in an annual amount of $619.

10. The Commission decided to recommend to the General Assembly that: (a) the current level of children's (including disabled children) and secondary dependant's allowances should be increased by 14.6 per cent, effective 1 January 1999; (b) the current list of duty stations where the allowances are payable in local currencies be maintained and that the applicable local currency amounts of the children's and secondary dependant's allowances at those duty stations should also be increased by 14.6 per cent; and (c) the amount of dependency allowances should be reduced by the amount of any direct payments received by staff in those countries where the Government makes such direct payments to eligible residents in respect of dependants.

11. The financial implication of the Commission's recommendations in respect of the level of children's and secondary dependant's allowances was estimated at $3,404,000 for the common system and $646,760 for the United Nations regular budget.

III. Conditions of service applicable to all categories of staff

A. Education grant

12. The General Assembly, in section III.A of its resolution 52/216 of 22 December 1997, endorsed the modifications to the approved methodology for the determination of the education grant, as recommended by the Commission.[5] In applying the modified methodology, the Commission decided, at its forty-eighth session (27 July–7 August 1998), to recommend to the General Assembly the following:

(a) In areas where education-related expenses were incurred in Austrian schillings, Swiss francs, Deutsche marks, pounds sterling, Italian lire, Japanese yen and United States dollars in the United States, the levels of maximum admissible expenses and the maximum education grant should be as shown below:

Currency	*Maximum admissible level*	*Maximum education grant*
Austrian schilling	167 310	125 483
Deutsche mark	30 777	23 083
Italian lira	21 830 000	16 372 500
Japanese yen	2 301 120	1 725 840
Pound sterling	13 613	10 210
Swiss franc	23 435	17 576
United States dollar in the United States	20 748	15 561

(b) The maximum amounts of admissible expenses and maximum grant should remain at the current levels for the following currencies: Belgian franc, Danish krone, Finnish markka, French franc, Irish pound, Netherlands guilder, Norwegian krone, Spanish peseta, Swedish krona and United States dollar for expenses incurred in educational institutions outside the United States;

(c) The normal flat rate when board is not provided by the educational institution or a boarding institution certified by the school and the amounts of additional reimbursement for boarding costs, over and above the maximum education grant payable to staff members at designated duty stations, should be revised as follows:

Currency	*Normal flat rate when board not provided admissible level*	*Additional flat rate for board (at designated duty stations) education grant*
Austrian schilling	42 351	63 527
Belgian franc	113 176	169 764
Swiss franc	4 982	7 473
Deutsche mark	6 848	10 272
Danish krone	20 709	31 063
Spanish peseta	387 658	581 486
Finnish markka	12 838	19 242
French franc	16 320	24 480
Pound sterling	2 973	4 459
Irish pound	1 777	2 666
Italian lira	4 763 220	7 144 830
Japanese yen	525 930	788 895
Netherlands guilder	6 716	10 073
Norwegian krone	16 682	25 023
Swedish krona	20 615	30 922
United States dollar (in the United States)	4 299	6 449
United States dollar (outside the United States)	3 164	4 746

(d) The amount of the special education grant for each disabled child should continue to be equal to 100 per cent of the revised maximum allowable expenses for the regular education grant;

(e) All the above measures would be applicable as from the school year in progress on 1 January 1999.

13. The Commission estimates that the system-wide financial implication of the recommended increases is approximately $660,000 per year in respect of the increase in the maximum admissible expenditure level, and $515,000 per year in respect of the increase in boarding costs. The financial implication for the 1999 regular budget of the United Nations is estimated at $220,000 and $171,700 in respect of the increase in the maximum admissible expenditure level and the increase in boarding costs respectively.

B. Hazard pay

14. In 1996, at the request of the General Assembly, the Commission reviewed the mechanism for the granting of hazard pay. The Commission decided that for internationally recruited staff, hazard pay should be delinked from the base/floor salary scale and that the amount would remain at the level of US$ 902 per month until it was next reviewed. To ensure that the amount continued to be appropriate, it would be reviewed every two years. For locally recruited staff, the amount should continue to be set in relation to the local salary scale at the rate of 20 per cent of the mid-point of the relevant scale.

15. It has been recognized that the hazardous conditions faced by staff would be difficult to measure in monetary terms. However, the Commission supported the payment of an allowance (hazard pay) to staff who had to be requested to remain and report for work in duty stations where very hazardous conditions, such as war or active hostilities, prevailed and where the evacuation of families and non-essential staff had taken place.

16. For its review, the Commission considered whether to leave the current level for internationally recruited staff unchanged or to adjust it, either empirically or against an indicator.

17. The Commission decided to:

(a) Express appreciation to all those staff, both internationally and locally recruited, who worked in hazardous conditions, for their dedication and commitment;

(b) Set the amount of hazard pay for internationally recruited staff at the rate of US$ 1,000 per month, with effect from 1 June 1998;

(c) Change the review cycle from two to three years and review the amount for internationally recruited staff again in 2002;

(d) Use inflation rates at the seven headquarters duty stations as a reference point, at the time of the next review, in addition to salary levels;

(e) Review the level of hazard pay for locally recruited staff in 2002;

(f) Note that, in the event of the evacuation of internationally recruited staff, the particular situation of local staff should also be taken into consideration.

18. The financial implication of the Commission's decisions in respect of the increase in hazard pay for internationally recruited staff from $902 to $1,000 per month would be $755,093 per annum system-wide, or $440,471 for the seven months of 1998. The financial implication for the United Nations regular budget has been estimated at $196,300 per annum (1999) and $114,500 for the seven months of 1998.

C. Recognition of language knowledge

19. In its resolution 48/224 of 23 December 1993, the General Assembly requested the Commission to review the language incentive scheme of the United Nations and those of the organizations of the common system. At its thirty-seventh session (8–26 March 1993), the Commission noted that the majority of the organizations, with the exception of the International Labour Organization, were applying the parameters it had recommended for a language incentive scheme that would improve linguistic balance in the context of improved organizational effectiveness. At its forty-seventh session (20 April–14 May 1998), the Commission reaffirmed its support for language recognition schemes as a means of promoting multilingualism among staff of the United Nations common system. In its view, knowledge of languages facilitated communication and enhanced the functioning of the organizations. The Commission considered that there would be merit in harmonizing the language incentive scheme of the Professional and higher categories with the language allowance scheme of the General Service and related categories. It recommended that all staff be compensated for language knowledge in the form of a lump-sum non-pensionable bonus.

20. The Commission recommended that the language incentive mechanisms for both categories of staff be aligned. In particular, the language incentive scheme for the Professional and higher categories should be discontinued as currently applied (i.e., an accelerated step increase after 10 months rather than 12 months) and replaced by a non-pensionable bonus.

21. The language allowance for the General Service category is presently calculated at 5 per cent of the net salary at the G-5, step 1, level. At that level, staff are required to be proficient in at least one United Nations working language other than the lingua franca of the duty station.

22. Should the General Assembly approve the use of a similar mechanism to determine the allowances for both categories of staff, and on the assumption that the allowance for the Professional and higher categories of staff would be calculated on the same principle, the amount would, therefore, be equivalent to 5 per cent of the net salary at the base of the system (New York) at the P-1, step 1, level, i.e., $1,972 per annum per staff member. All Professional staff, upon recruitment, are required to have full command of at least one United Nations working language, and the incentive would be payable only in recognition of their proficiency in another official language of the United Nations.

23. The value of the incentive currently in place, which allows for an accelerated step increment after the tenth month instead of the twelfth month, has been calculated at $274 per annum per staff member; therefore, the non-pensionable allowance under the recommended mechanism would result in an increase of approximately $1,698 per annum per eligible staff member.

24. Accordingly, the financial implications for the United Nations regular budget per annum would be approximately $840,510. It has been estimated on the basis of payroll analysis that 10 per cent of the staff in the Professional and higher categories would benefit from the language incentive scheme.

IV. Summary

25. The financial implications for the regular budget per year resulting from the decisions and recommendations of ICSC are summarized below (in United States dollars):

	United Nations common system	*United Nations*
Remuneration of the Professional and higher categories of staff		
(a) For duty stations that would fall below the level of new base/floor	22 663	4 533
(b) Mobility/hardship scheme	1 605 000	304 950
(c) Separation payments	360 279	68 455
(d) Dependency allowances	3 404 000	646 760
(e) Language allowance for staff in the Professional and higher categories	2 521 530	840 510
Conditions of service applicable to all categories of staff		
(f) Education grant	1 175 000	391 700
(g) Hazard pay	755 093	196 300
Total	**9 843 565**	**2 453 208**

26. The impact of the recommendations to the General Assembly and the decisions of ICSC on the regular budget of the United Nations for 1998 and 1999 will be included in the first budget performance report for the biennium 1998–1999, and is calculated to reflect actual dates of implementation as follows:

(a) Increased requirements related to ICSC recommendations are estimated at $2,193,919, broken down as follows (in United States dollars):

Remuneration of the Professional and higher categories of staff	
(a) For duty stations that would fall below the level of the new base/floor (10 months, effective 1 March–31 December 1999)	3 778
(b) Mobility/hardship scheme (10 months, effective 1 March–31 December 1999)	254 125
(c) Separation payments (10 months, effective 1 March–31 December 1999)	57 046
(d) Dependency allowances (12 months, effective 1 January–31 December 1999)	646 760
(e) Language allowance for staff in the Professional and higher categories (12 months, effective 1 January–31 December 1999)	840 510
Conditions of service applicable to all categories of staff	
(f) Education grant (12 months, effective 1 January 1999 for the school year in progress)	391 700
Total	**2 193 919**

(b) Increased requirements related to ICSC decision (hazard pay) are estimated at $310,800.

27. Accordingly, the increased requirements under the regular budget resulting from the recommendations and decisions of ICSC have been estimated to be on the order of

$2,504,719 net of staff assessment. Those requirements will be taken into consideration when computing the first performance report for the biennium 1998–1999.

Notes

[1] *Official Records of the General Assembly, Fifty-third Session, Supplement No. 30* (A/53/30).

[2] Ibid., *Forty-fourth Session, Supplement No. 30* (A/44/30), vol. II, paras. 118, 119, 316 and 453 (g).

[3] Ibid., *Fifty-third Session, Supplement No. 30* (A/53/30), para. 95.

[4] Ibid., *Forty-seventh Session, Supplement No. 30* and corrigendum (A/47/30 and Corr.1), para. 190.

[5] Ibid., para. 251 and annex VII.